

1 **TESTIMONY OF JACQUELINE R. CHERRY**
2 **FOR**
3 **THE SOUTH CAROLINA PUBLIC SERVICE COMMISSION**
4 **DOCKET NO. 94-006-E**
5 **IN RE: DUKE POWER COMPANY**
6
7

8 **Q. WOULD YOU PLEASE STATE FOR THE RECORD, YOUR NAME,**
9 **ADDRESS AND OCCUPATION?**

10 A. My name is Jacqueline R. Cherry. My business
11 address is 111 Doctors Circle, Columbia, South
12 Carolina. I am employed by the South Carolina
13 Public Service Commission, Administration
14 Division, as an utilities accountant.

15 **Q. WOULD YOU PLEASE STATE YOUR EDUCATIONAL BACKGROUND**
16 **AND YOUR BUSINESS EXPERIENCE?**

17 A. I received a B.S. Degree in Business
18 Administration with a major in Accounting from
19 Johnson C. Smith University in 1976. I was
20 employed by this Commission in February 1979, and
21 have participated in cases involving gas,
22 electric, telephone, water and wastewater
23 utilities.

24 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
25 **PROCEEDING?**

1 A. The purpose of my testimony is to summarize the
2 results of the Accounting Staff's examination of
3 Duke Power Company's Fuel Adjustment Clause
4 operation for the period June 1994 through
5 November 1994. The findings of the examination are
6 contained in the Accounting Department's section
7 of the Commission Staff Report, prepared for this
8 proceeding.

9 Q. WHAT WAS THE SCOPE OF THE EXAMINATION?

10 A. The Accounting Staff traced the fuel information,
11 as filed in the Company's required monthly filing,
12 to the Company's books and records. The
13 examination covered the period April 1994 through
14 September 1994. The purpose of the examination
15 was to determine if Duke Power Company had
16 computed and applied the monthly Fuel Adjustment
17 Clause in accordance with the approved clause. To
18 accomplish this, Staff examined the components
19 surrounding the operation of the clause.

20 Q. WHAT WERE THE STEPS THAT THE STAFF EMPLOYED WITHIN
21 THE SCOPE OF THE EXAMINATION?

22 A. The examination consisted of the following:

- 23 1. An Analysis of Account # 151 - Fuel Stock
24 2. Verification of Charges to Nuclear Fuel Expense
25 - Account # 518

- 1 3. An Analysis of Purchased Power and Interchange
- 2 4. Verification of KWH Sales
- 3 5. A Comparison of Coal Costs
- 4 6. An Analysis of Spot Coal Purchasing Procedures
- 5 7. Recomputation of Fuel Cost Adjustment Factor
- 6 and Verification of Deferred Fuel Costs
- 7 8. Recomputation of True-up for
- 8 (Over)Under-Recovered Fuel Costs

9 **Q. WITH REGARD TO THE TRUE-UP OF**
10 **(OVER)UNDER-RECOVERED FUEL COSTS, WOULD YOU PLEASE**
11 **ELABORATE ON STAFF'S COMPUTATION?**

12 **A.** Staff analyzed the cumulative over-recovery of
13 fuel costs that the Company had incurred for the
14 period April 1994 through September 1994 of
15 \$674,903. Staff added the projected
16 under-recovery for October 1994 of \$1,329,011 and
17 the projected under-recovery for November 1994 of
18 \$897,419 to arrive at an under-recovery of
19 \$1,551,527. As stated in Duke Power Company's
20 Adjustment for Fuel Costs, fuel costs will be
21 included in base rates to the extent determined
22 reasonable by the Commission for the succeeding
23 six (6) months or shorter period. Accordingly, the
24 Commission should consider the under-recovery of
25 \$1,551,527 and any adjustment(s) recommended by

1 the Commission's Electric Department, along with
2 the anticipated fuel costs for the period December
3 1, 1994 to May 31, 1995 for the purpose of
4 determining the base costs for fuel in base rates
5 effective December 1, 1994. This figure was
6 furnished to the Commission's Electric Department.

7 **Q. MRS. CHERRY, WOULD YOU PLEASE DESCRIBE THE**
8 **REMAINING STAFF EXHIBITS?**

9 **A. Staff prepared exhibits from Duke Power Company's**
10 **books and records reflecting fuel costs during the**
11 **review period.**

12 **Specifically, these exhibits are as follows:**

13 **Exhibit A - Coal Cost Statistics**

14 **Exhibit B - Received Coal-Cost Per Ton Comparison**

15 **Exhibit C - Detail of Nuclear Cost**

16 **Exhibit D - Total Burned Cost (Fossil and Nuclear)**

17 **Exhibit E - Cost of Fuel**

18 **Exhibit F - Factor Computation**

19 **Exhibit G - S.C. Retail Comparison of Fuel**

20 **Revenues and Expenses**

21 **Q. MRS. CHERRY, WHAT WERE THE RESULTS OF THE**
22 **ACCOUNTING DEPARTMENT'S EXAMINATION?**

23 **A. Based on the Accounting Staff's examination of**
24 **Duke Power Company's books and records, and the**
25 **utilization of the fuel cost-recovery mechanism as**

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directed by the Commission, the Accounting
Department is of the opinion that the Company has
complied with the directives (per the Fuel
Adjustment Clause) of the Commission.

Q. MRS. CHERRY, DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.